THE STORY OF THE

Being a Synopsis of the Facts

The Story of the Pacific Scandal.

In the session of 1871 the country was astounded by the proposal embodied in the terms of union offered by the Canadian Government to British Columbia, that the Dominion should guarantee to commence within two years, and complete within ten years, a railroad which, in connection with the existing Canadian Lines, should stretch from the Atlantic to the Pacific. The road for certain would be 2,500 miles, and might be 2,700 miles in length. It might, according to circumstances, cost ONE HUNDRED, ONE HUNDRED AND FIFTY, or TWO HUNDRED MILLIONS of dollars. Sir Hugh Allan, in fact, did ultimately propose to borrow for the completion of the scheme a capital of ONE HUNDRED AND EIGHTY MILLIONS. No plans for its construction were before the Government. No surveys had been made; no estimate of the cost had been submitted. The preliminaries necessary before commencing an undertaking to which the national faith was thus pledged, were not even those which would be adopted before agreeing to erect a lighthouse or build a bridge. Yet the enterprise, in proportion to the wealth and numbers of the people, would be unprecedented in its magnitude, and tax the national resources to the utmost.

British Columbia's Demand.

What made the bargain all the more extraordinary was, that the British Columbians did not insist upon nor even ask Canada to commit herself to any such engagement. What they demanded was as follows:—

"Inasmuch as no real union can subsist "between the colony and Canada without "the speedy establishment of communica- "tion across the Rocky Mountains, by "coach road and railway, the Dominion "shall, within three years from the date of "union, construct and open for traffic such "coach road from some point on the line of "the main trunk road of this colony to "Fort Garry, of similar character to the "said main trunk road; and shall further "engage to use all means in her power to "complete such railway communication at "the earliest practicable date, and that sur- "veys to determine the proper line for such "railway shall be at once commenced; and "that a sum of not less than one million dol- "lars shall be expended in every year from "and after three years from the date of "union in actually constructing the initial "sections of such railway from the sea-board "of British Columbia, to connect with the "railway system of Canada."

What Canada Granted.

Instead of this moderate proposal, that Canada "SHOULD USE ALL THE MEANS IN "HER POWER" to complete such railway communication, the Government of Canada offered and insisted on Parliament assenting to the following:—

"The Government of the Dominion under- "take to secure the commencement simul- "taneously, within two years from the date "of union, of the construction of a railway "from the Pacific towards the Rocky Moun- "tains, and from such point as may be "settled east of the Rocky Mountains to- "wards the Pacific, to connect the seaboard "of British Columbia with the railway "system of Canada; and, further, to secure "the completion of such railway within ten "years from the date of the union."

The proposition was most unpalatable to the House of Commons. An amendment, moved by Mr. Mackenzie, "That "Canada shall not be pledged to do more "than proceed with the necessary sur- "veys, and, after the route is determined, "to prosecute the work at as early a "period as the state of the finances will "justify," was defeated on a party division by, Yeas 63, Nays 98. But this did not by any means fairly represent the feeling of the House. At a later stage, Mr. Ross, member for Dundas, and a supporter of the Government, moved an amendment, "That in the opinion of the "House the further consideration of the "question be postponed *for the present* "*session of Parliament*, in order that "greater and more careful consideration "may be given to a question of such "magnitude and importance to the people build the road, to receive these vast subsidies, *and to operate the road for aforesaid time.* It finally gave powers to the Government to GRANT A CHARTER HAVING THE SAME EFFECT AS AN ACT OF PARLIAMENT, amalgamating any existing incorporated companies, incorporating a new company, OR ALTERING THE ACT OF PARLIAMENT INCORPORATING ANY EXISTING COMPANY. All opposition to these monstrous encroachments on the functions of Parliament was in vain. The British Columbia resolutions had committed the House to the project and to a limitation of time. In short, Sir John A. Macdonald had fairly caught the House in a trap, and resistance was met with the response that the powers must be granted or faith could not be kept with British Columbia.

False Pretences.

But the jealousy of Parliament was not entirely allayed by this argument. Resort must be had to fraud and misrepresentation. The clause giving Government power to supersede the office and authority of Parliament, by issuing a charter equivalent in its effect to a Statute passed by the House of Commons, Senate, and Crown combined, was especially obnoxious. Sir George E. Cartier, however, explained that the clause was designed to prevent a combination of the great companies who were competing for the contract, which might place the Government at the mercy of a powerful monopoly. In his very first speech, when introducing the Canadian Pacific Railway Bill on the 27th April, 1872, Sir George E. Cartier said:—"Another contingency presented itself to "the Government on considering the "scheme. Several companies might be "incorporated during the present session "of Parliament, *and it might happen that* "*these companies might amalgamate and* "*demand any terms; consequently the Gov-* "*ernment had considered by what means* "*such a state of things could be met*, "and they proposed there should be a "clause in the Bill authorizing the Gov- "ernment, in case they could not agree "with a company for the construction of "the whole line, or with a company "formed of several companies amalga- "mated, *to receive the offer of capitalists to* "*build the railway, and give them a charter* "*under an Order in Council.*"

On the same occasion Sir George Cartier said *it was a matter of rejoicing to the Government that there were several competing bodies endeavouring to obtain incorporation for that purpose.* Again, on the 8th of May, during the discussion of the resolutions, Sir George E Cartier remarked, in nearly similar terms:—"It had been found, he was glad to "say, that there were several companies "seeking incorporation for that purpose. "The policy of the Government would be to "allow all these Companies to obtain Acts of "Incorporation, whether for a portion or the "whole of the railway, reserving to themselves "power, however, to deal with them after "wards. * * * * *

"*If the Government could agree with any of* "*the proposed companies they would do so.*" At the same time, they must understand that the Government would not be forced "into a large price."

On the 8th of May, in reply to Mr. Holton, Sir John A. Macdonald said:—"The hon. "gentlemen opposite were commingling the "remarks of his colleagues with what he "(Sir John) had said, as to there being no "communications to the Government except "one letter to himself from Sir "Hugh Allan, which he had treat- "ed as *quasi* official. He had stated "that he considered it very gratifying to "have an offer from a gentleman of such high "standing, but he understood he would make "a more official offer to the Government's "and, therefore, he would not bring it down "without his consent. *It was known, how-* "*ever, that there were various parties desir-* "*ous of carrying out the great work, and it was* "*a source of satisfaction to know that the* "*gentlemen concerned were of the highest stand-* "*ing and influence.* They had, however, no- into the banking-house of Jay Cooke & Co., in New York city, to the credit of the Canada Pacific Railway Company, upon the organization, to be used for the construction of said railway, and for such other purposes as the Directors of said Company, hereafter to be elected, shall determine. And it is also agreed that on the organization of said Railway Company, such a By-Law shall be adopted as will prohibit any further assessment on the stock, beyond the ten per cent paid as before specified, unless ordered by a vote of at least nine-tenths of all the outstanding stock of the Company at some regular or special shareholders' meeting.

"And it is further agreed by the parties hereto that they shall associate themselves together as the Canada Land Improvement Company, which it is proposed shall be hereafter incorporated by the Parliament of Canada, for the purpose of constructing the said railway and for the purchase and sale of lands and for other needed objects; and that their interest in the said Land and Improvement Company shall be in the same proportions as their several subscriptions to the railway stock aforesaid bear to the whole ten millions of dollars subscribed. And it is agreed that the contracts for building any or all of the various sections of the said Canada Pacific Railway, when let, shall be let to the said Canada Land and Improvement Company at fair prices; and the Canada Land and Improvement Company shall operate and be allowed the use of the said railway, during the period of its construction, without charge therefor, except the expense of keeping the same in good order and repair, at their own cost, during such use and control of said railway.

"It is also agreed that the first working capital of the said Canada Land and Improvement Company shall be the aforesaid one million dollars to be paid in on the Railway Stock before-named, less any amounts previously expended by order of the Board of Directors, and shall also consist of such sums or profits as shall thereafter be received by it, from time to time, from said Railway Company, for construction and for work done in excess of the cost of such work, or so much thereof as may be necessary for the successful prosecution of said work."

This was followed, on March 28, 1872, by a "supplementary agreement" in the following terms:—

"Whereas *it appears that the Canadian Government prefer to give a gross sum of money and a gross amount of land for the construction of the Canada Pacific Railway* and the branch thereof from Fort Garry to Pembina or St. Vincent or the International boundary line in that vicinity; now, therefore, the undersigned agree to so alter their contract or agreement of December 23rd, 1871, as to agree to take thirty-five millions of dollars ($35,000,000) in money (gold) and fifty millions of acres of land in amount, to be selected as proposed, and the money to be paid *pro rata* per mile as constructed, each mile to be counted as the one twenty-five hundredth part of the whole line to be built, and the land at the rate of twenty thousand acres for every mile of railway built; and in case, in the judgment of our associate, Sir Hugh Allan, it should be deemed expedient by him to submit to the acceptance of thirty-three millions of dollars in gold ($33,000,000) and fifty millions (50,000,000) acres of land as compensation for the construction of said road, he is hereby authorized to do so; and in case a further reduction in price is found to be indispensable in order to secure the contract for the construction of the said Canada Pacific Railway, then J. Gregory Smith, Sir Hugh Allan, G. W. McMullen, Geo. W. Cass, and Wm. B. Ogden are hereby constituted a Committee, with authority to them, or a majority of them, to submit to such further reduction in the money price to be paid in their discretion to any sum not below thirty millions of dollars ($30,000,000) as they shall think necessary or advisable; and the said Committee, or a majority of them, shall have power to make such assessments, from time to time, for the general purposes of the Company, not exceeding in all one and one half per cent, of the amounts agreed to be subscribed by us to the stock of the Canada Pacific Railway Company, as they shall deem expedient. The said assessments are to be considered as part of the one million dollars agreed to be paid on the stock contracted to be subscribed by us in the agreement of December 23rd, 1871, and to be subject to the same conditions of payment and refunding with interest as are therein

"Mr. McMullen was desirous of securing the inferior members of the Government, and entered into engagements of which I did not approve, as I thought it only a waste of powder and shot. On a calm review of the situation, I satisfied myself that the whole decision of the question must ultimately be in the hands of one man, and that man was Sir George E. Cartier, the leader and chief of the French party. This party has held the balance of power between the other factions. It has sustained and kept in office and existence the entire Government for the last five years. It consists of 45 men who have followed Cartier, and voted in a solid phalanx for all his measures. The Government majority in Parliament being generally less than 45, it follows that the defection of one-half or two-thirds would at any time put the Government out of office. It was therefore evident that some means must be adopted to bring the influence of this compact body of members to bear in our favour, and as I soon made up my mind what was the best course to pursue, I did not lose a moment in following it up.

"A railroad from Montreal to Ottawa, through the French country north of the Ottawa River, has long been desired by the French inhabitants, but Cartier, who is the salaried solicitor of the Grand Trunk Railroad, to which this would be an opposition, has always interposed difficulties, and by his influence prevented it being built. The same reason made him desirous of giving the contract for the Canadian Pacific into the hands of parties connected with the Grand Trunk Railroad, and to this end he fanned the flame of opposition to us. But I saw in this French railroad scheme, *and in the near approach of the general elections*, when Cartier as well as others had to go to their constituents for re-election, a sure means of attaining my object, especially as I purposed to carry it through to the terminus of the Pacific. The plans I propose are in themselves the best for the interests of the Dominion, and in urging them on the public I am really doing a most patriotic action. But even in that view, means must be used to influence the public, and I employed several young French lawyers to write up for their own newspapers. I subscribed a controlling influence in the stock, and proceeded to subsidize the newspapers themselves, both editors and proprietors. I went to the country through which the road would pass, and called on many of the inhabitants. I visited the priests and made friends of them, and I employed agents to go amongst the principal people and talk it up.

"I then began to hold public meetings, and attended them myself, making frequent speeches in French to them, showing them where their true interests lay. The scheme at once became popular, and I formed a committee to influence the members of the Legislature.

"*This succeeded so well that in a short time I had 27 out of the 45 on whom I could rely;* and the electors of the ward in this city which Cartier himself represents notified him that unless the contract for the Pacific Railroad was given in the interests of Lower Canada he need not present himself for re-election. He did not believe this, but when he came here and met his constituents he found to his surprise that their determination was unchangeable."

John A. Temporizing.

In order to secure the good will of both parties, at all events until the elections were over, Sir John A. Macdonald temporized and tried to effect an amalgamation. He says in his evidence:—

"So soon as the session was over, when "Parliament was prorogued, the Govern- "ment addressed itself to the task of at- "tempting to procure the amalgamation of "the two Companies."

This, be it remembered, was the Minister who had just induced Parliament to give him most unconstitutional powers, on the ground that amalgamation might prevent competition. Sir John goes on to say:—

"After talking the matter over with Mr. Macpherson and other gentlemen in Toronto, I wrote to Montreal and I asked Sir Hugh Allan to come up to Toronto; and Mr. Abbott, a member of Parliament, and who had taken great interest in the Canada Pacific Railway, also to come to Toronto and discuss the matter with Mr. Macpherson. Sir Hugh Allan wrote me that it was impossible for

"About the end of July, I think it was on the 29th of July, Sir Hugh Allan called upon me at my office, and asked me to accompany him on the following day, at eleven o'clock, to Sir Georges Cartier's house. He said that he had an appointment with him at that hour. To the best of my recollection, Sir Hugh is mistaken in saying that I had been with him at previous interviews with Sir George Cartier. I do not think that I was with him, except on the occasion of which I have just spoken, namely, the appointed meeting of the 30th July. Sir Hugh called upon me, and we went to Sir George's rooms, and saw him there. Sir George and Sir Hugh had quite a lengthy discussion, which appeared to me to flow to some extent from previous interviews about the position of these companies, about their amalgamation, about the prospects of the amalgamated company in connection with the railway; in fact, on the whole subject; and they came to agree in certain views about the matter, which were stated by Sir George and Sir Hugh plainly enough. The basis of their conversation was the telegram which Sir John A. Macdonald had sent Sir George on the 26th July. In the interests of Sir Georges Cartier's election, as well as for other reasons, Sir Hugh appeared desirous of having something more definite settled than was contained in Sir John's telegram. The result was that they appeared to agree upon certain points in which Sir George was disposed to favour Sir Hugh's views. Sir Hugh then said to Sir George: 'Now, if you can put these points in writing for me on your table, I think they will satisfy our friends.' Sir George was extremely busy, and was not a very ready penman at any time, and he said, 'Mr. Abbott has heard our conversation; let him put down what he understands has passed between us, and come back this afternoon, and we will close it up.' We then rose to leave, and were leaving the room when Sir George addressed Sir Hugh on the subject of money in the manner which Sir Hugh has described. He said, in an off hand kind of way, 'Are you not going to help us with our elections?' Sir Hugh said he would, or words to that effect, and said 'How much do you want?' or 'How much do you require?' or something like that. I understood Sir George to say that there would be a considerable sum required, as there was so much opposition on various grounds. Sir Hugh said, as far as I can recollect, 'Well, write down what you want.' Sir George said, very rapidly, 'You know you won't lose it all. Our party will make up the greater part of what you give, but we want it now,' or something like that. My memory is very imperfect as to the exact phrases used, as I never endeavoured to recollect them until lately, when the matter became the subject of conversation. Sir George then said, 'Very well; come back this afternoon. Let Mr. Abbott write a note requesting you to advance this money, and telling you that I will see that you are repaid, and come back this afternoon at such an hour, and we will close the whole matter up.' We left upon that; I went to my office, sketched a letter about the railway affair, either by dictation or otherwise, I don't remember now, corrected it, and had it copied.

"Q.—I would call your attention to these two letters now.

"A.—I sketched those two letters.

"Q.—You saw them, I suppose?

"A.—I sketched them; I drew them. I sketched these two letters roughly, knowing, I thought, what to say with regard to the first—the railway affair—but knowing very little about the other. Sir Hugh called upon me, and I took these two letters I had sketched to Sir George Cartier's office, with Sir Hugh Allan. The first letter, referring to the railway, Sir George was satisfied with as to the first two pages of it, but not with the third. The letter was written upon three leaves. He was satisfied with the first two leaves, but the conclusion of the letter did not exactly please him. He said, 'Leave that off, and I will dictate to you what conclusion to put to it.' He then dictated the four or five lines which constitute the last sentence of the letter as published, signed it, and handed it to Sir Hugh Allan. The other letter, with respect to the money, he did not approve of, and struck his pen through the most of it, I think, if not the whole of it, wrote a few words upon the draft, and requested me to write it over for him, which I did, either from his dictation or from the draft so altered by him. These are the two letters which Sir Hugh has produced this morning. I find that my recol-

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THE PACIFIC SCANDAL:

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per, it was not intended as anything official. Your telegram to Sir Geo. is the basis of our agreement, which I have no doubt you will approve of. He purposes to go out of town on Saturday afternoon, and I am persuaded his health will be benefitted thereby.

(Signed) "HUGH ALLAN."

These telegrams, however, are not confirmatory of the statement that the agreement between Allan and Cartier was withdrawn. The letter withdrawn, it is clear, was one from Sir Hugh Allan to Sir John A. Macdonald, to which the latter made no reference in his evidence, and which was not forthcoming before the Commission. That the letter above given was not withdrawn is proved by the fact that it was and is still in Allan's hands, and so much did he value it that he requested the Commissioners to allow him to retain the original and put in a certified copy. The connection between the two letters, if any one doubted it, is only too clearly established by the employment of the same terms in both. In both cases Sir George uses the phrase "YOUR COMPANY." "Any amount which you or YOUR COMPANY shall advance;" he says in one—"The Governor in Council will approve of the amalgamation of YOUR COMPANY" he says in the other, and by "YOUR COMPANY," the context shews is meant the "Canada Pacific," incorporated under Allan's auspices. With "YOUR COMPANY" the arrangement was made to finance the elections, and to "YOUR COMPANY" amalgamated, or, if amalgamation failed, to "YOUR COMPANY" alone, should the charter be given

The Proof of Their Guilt.

Sir Hugh Allan's letters and speeches writ ten or delivered at the time, clinch the proof that the payment of the money and the promise to give the charter were part of one and the same bargain. Writing to Mr. G. W. McMullen on the 6th of August, 1872, he says:—

"MONTREAL, August 6, 1872.

"DEAR MR. MCMULLEN,—I have been hoping from day to day that some conclusion which I could communicate to you would be arrived at respecting the Pacific Railroad negotiation, but some obstacle to cause delay always intervened. The near approach of the elections, however, and the stand taken by my French friends—that they would lend no help till I pronounced myself satisfied—has at length brought the matter to a crisis, and I think the game I have been playing is now likely to be attended with success.

"Yesterday we entered into an agreement by which the Government bound itself to form a Company of Canadians only, according to my wishes. That this Company will make me President, and that I and my friends will get a majority of the stock, and that the contract for building the road will be given to this Company in terms of the Act of Parliament. Americans are to be carefully excluded in the fear that they will sell it to the Northern Pacific. But I fancy we can get over that some way or other.

"This position has not been attained without large payments of money. I have already paid over $200,000, and I will have at least $100,000 more to pay. I must now soon know what our New York friends are going to do. They did not answer my last letter.

"Yours truly,

(Signed) "HUGH ALLAN."

And to General Cass, on the 7th August, he wrote as follows:—

"MONTREAL, 7th August, 1872.

"G. W. CASS, Esq.

"DEAR SIR,—I write to you on 1st July, giving you a detailed account up till that date of the events and my movements in connection with the Canadian Pacific Railroad. I have not had any acknowledgment of the receipt by you of that letter, but I presume it reached you in due course. The questions I asked you, however, remain unanswered, and I now proceed to inform you of the progress of the negotiation since the date of my letter.

mistakeable a confession, in fact, as the English language could formulate. We have, in addition to this, the Minister's own oral admissions.

The Chief Culprit's Confession.

Sir John A. Macdonald says in his evidence:—

"As I have already mentioned, when Sir George Cartier went to Montreal from Ottawa, and I went to Toronto, I asked him to endeavour to get what pecuniary help he could from our rich friends in Montreal; and when I was in Kingston at the time of my own election, I got a letter from Sir Hugh Allan stating that he would contribute $25,000 to the election fund. He used the expression that he would contribute $25,000 to help the friends of the Administration in their elections. I may say here that I considered myself a trustee to that fund, and certainly did not apply any of that money to my own election.

"Q.—Have you got that letter?

"A.—No, I destroyed it.

"It was simply informing me that he would contribute to that extent.

"I paid the expenses of my own election; and, in fact, I did not receive any funds from Sir Hugh Allan until after my own election was over. I was at Toronto the most of the period during which the elections were being held, going off occasionally to one place or another to communicate with my friends. I got pecuniary assistance where I could. Sir Hugh Allan was then in Newfoundland, as I understood, and I wrote twice personally to Mr. Abbott, who was acting in Montreal for him, and twice received contributions to the extent of $10,000 each.

"Q.—Were these sums both from Mr. Abbott?

"A.—I am not sure, but I think so.

"Q.—That was in addition to the $25,000, making in all $45,000?

"A.—Yes

"As to the contribution of $25,000, it was sent to me without my having previously asked for it. I had no communication with Sir Hugh Allan, and never asked him for any sum whatever, at the time that I received the $25,000, *but I have no doubt Sir George asked him to subscribe*, and I got the intimation from Sir Hugh Allan that he had subscribed that amount. *The other two sums of $10,000 each were given at my request. I wrote to Sir George Cartier in Montreal, with respect to these additional advances, that as we had such a hard fight, he must either borrow or beg funds for me, and I have no doubt that he asked for them.* I was not aware, until I saw the communication in the newspapers, that he had written Mr. Abbott to endeavour to get it for me if he could."

Langevin's Little Game.

Mr. Langevin's haul was $32,600. He tells its story as follows:—

The only time I had a conversation on election matters with Mr. Abbott was, I believe, some time during the session of 1872, when he, having occasion to come to my department, to see me about some matter connected with a public work in his county, I spoke to him, as being one of my best political friends from my own Province, on the prospects of the electoral contest that was to take place during the summer. I told him that the last contest had been a severe one for me, in so far as my small purse was concerned, and that, of course, my position being more prominent now than it was then, I was afraid that the claims or calls upon me would be still greater, and on that he remarked that it would not be fair that the burden should all fall on my shoulders, but that certainly I should be helped by my friends. That is the only conversation I ever had with Mr. Abbott on that subject, and, of course, it is one of those conversations I could have had with any other political friend supporting me in Parliament or supporting me out of Parliament, and I may add that Mr. Abbott never spoke to me about the Pacific Railway, or the Bills that were before the House, and he never asked my support of any of the measures that were then before the House, or asked whether I would support or oppose them. In consequence of the conversation I had with Sir George Cartier, as I stated just now, during the elections of 1872 I received from Sir George Cartier, by the hands of Sir Hugh Allan, $15,000, he (Sir Hugh) stating Sir George requested me to send a further amount to Sir John A. Macdonald of $10,000, and $10,000 to Mr. Langevin, and $30,000 to the Central Committee of Elections, and the three sums last mentioned in the memorandum appended to the letter were then added to it by Sir George. I accordingly remitted $10,000 to Sir John Macdonald, $30,000 to the Central Committee, and left $10,000 with Mr. Abbott for Mr. Langevin, to be paid upon getting from that gentleman a receipt for it. In Sir George Cartier's letter of the 30th July, namely, the one to which I have secondly alluded, there is an undertaking on the part of Sir George that my advances would be paid back to me. I did not see well from what source this money could be repaid, but Sir George held out some hope that his political friends would contribute to make it up. Beyond this there was nothing that I can recall as to the manner of payment. On leaving Sir George, I SAID TO MR. ABBOTT THAT I SAW NO POSSIBILITY OF MY GEVER BEIN REPAID THESE CONTRIBUTIONS. NEITHER THAN NOR ON ANY OTHEL OCCASION HAD I ANY CORRESPONDENCE WITH SIR GEORGE AS TO THE REPAYMENT OF THESE SUMS.

"I left Montreal for Newfoundland I think early in August, and only returned at the end of the month; and except by infrequent telegrams I had no communication with Montreal during that time. Among those telegrams I had two from Mr. Abbott, informing me that Sir George wanted $20,000 more for the General Committee, and $10,000 for Sir John. I authorized Mr. Abbott to pay over these sums, and placed the money at his disposal.

"I think I also received telegrams from Mr. Abbott telling me that Mr. Langevin would sign no receipt, and asking my authority to hand him the money without any receipt.

"This last telegram did not reach me in time to be acted upon, and I have since learned from Mr. Abbott that Mr. Langevin gave no receipt

"I heard of Sir George's defeat while in Nova Scotia on my way back. In this way on my return I found that the limits of payments which I had first agreed to had been exceeded, and with subsequent advances they finally stood as follows:—

"To Sir George E. Cartier's Committee	$35,000
"To Hon. Sir John A. Macdonald towards election expenses in Ontario	45,000
"To Hon. H. L. Langevin towards electoral expenses in Quebec	32,600
	$162,600

"I also paid, for the assistance of other friends of my own in connection with the elections, between $16,000 and $17,000."

The following were some of the communications which passed, in Allan's absence, between Macdonald and Cartier and Abbott:—

On the 24th of August Sir George E. Cartier writes thus to Mr. Abbott:—

"In the absence of Sir Hugh Allan, I shall be obliged by your supplying the Central Committee with a further sum of twenty thousand dollars, upon the same conditions as the amount written by me at the foot of my letter to Sir Hugh Allan of the 30th ultimo.

"GEORGE E. CARTIER.

"P.S.—Please also send Sir John A. Macdonald ten thousand dollars more on the same terms."

The Central Committee, in a manner the most methodical and business-like, return a formal receipt as follows:—

"Received from Sir Hugh Allan, by the hands of Mr. Abbott, twenty thousand dollars for general election purposes, to be arranged hereafter, according to the terms of the letter of Sir George E. Cartier, of the date 30th of July, and in accordance with the request contained in his letter of the 24th instant.

"MONTREAL, 26th August, 1872.

(Signed) "J. L. BEAUDRY.
"HENRY STARNES.
"L. BETOURNAY. "P. S. MURPHY."

Mr. Starnes was the custodian of the celebrated "sealed packet;" Mr. Beaudry was one of the thirteen Pacific "directors;" Mr. Betournay is now a Judge of the Province

that an enquiry must still be granted. Accordingly, on the 8th of April Sir John A. Macdonald himself moved:—

"That a Select Committee of five members, of whom the mover shall not be one, be appointed to inquire into certain allegations and matters connected with the charter granted to the Canadian Pacific Railway Company, with power to send for persons, papers, and records, and sit after the prorogation of Parliament."

The Committee were chosen by a poll of the House, and consisted of Messrs. Edward Blake and A. A. Dorion (Opposition), and Messrs. Hillyard Cameron, Jas. McDonald, and Blanchet (Ministerialist).

A Scandal Within a Scandal.

It has since transpired that Mr. Hillyard Cameron, who was chosen Chairman of the Committee, was actually, at the time, under heavy pecuniary obligations to Sir Hugh Allan for a discount obtained for him while the Pacific Charter negotiations were pending by Sir John A. Macdonald. In Sir John A. Macdonald's evidence this fact is deposed to as follows:—

"The circumstance was simply this:—Mr. Cameron told me—we are very great friends—that he was very hard-up, and that he wanted some money and was anxious to get a discount, *and he asked me if I would drop a line to Sir Hugh Allan asking him to get his note discounted by the Merchants' Bank. I wrote down asking Sir Hugh to use his influence to get a discount for Mr. Cameron for $5,000, and he got that discount.* That is all I know about it. That was in January, before this Investigation Committee, as it is called, was thought of. Parliament did not meet until March. Mr. Huntington did not make his charge against the Government respecting the Pacific Railway until April, and such an idea as the charge being made or the Committee being struck, had certainly not occurred on the 23rd January, 1873."

The note was renewed *after* Mr. Cameron had accepted the Chairmanship of the Committee.

The Oaths Bill.

During the discussion arising out of the appointment of the Committee, it was suggested by Hon. Mr. Dorion that power should be given them by Bill to take the evidence under oath. The proposal *met the unanimous approval of the House.* The fact that, in 1868, a similar Bill had given precisely the same powers to the Senate, and that the Legislature of Ontario had since passed an Act without dispute or question conferring on its Committees the same privileges, prevented a suspicion crossing the minds of members that any obstacle to the measure now proposed could possibly be raised. Sir Jno. A. Macdonald alone suggested a difficulty. He held that, in the terms of the Confederation Act, the Parliament of Canada had not authority to pass the measure. His views were controverted by Mr. Hillyard Cameron—who, at the instance of the Committee, introduced the Bill—and by other leading lawyers. Sir Jno. A. Macdonald, therefore, yielded his objection for the moment, and the Commons passed the Bill with the haste needed in a matter of grave urgency.

The Conspiracy of Delay.

In the Senate it lingered. Mr. Campbell, the Government leader, at first professed that it was none of his business, but at length he moved its second reading. The Bill had been introduced into the Commons on the 18th of April, was printed, distributed amongst members, and passed through all its stages and sent up to the Senate on the 21st. But it was the 29th, *or eight days afterwards*, before the Senate informed the Lower Chamber that "their Honours had agreed to the Bill." Nothing now was needed but the Royal Assent. But again there was delay, for His Excellency did not be resisted, and the documents in question, telling the whole story of Allan's disgraceful intrigues, were impounded accordingly. When ultimately published, the cause of Sir John A. Macdonald's alarm at the production of copies in the House was only too obvious. He afterwards had to admit to the Commission *that these very documents had been placed in his hands by Mr. G. W. McMullen* BEFORE *he had finally given Allan the control of the Pacific Charter.* It was so clearly evident that the action of the Committee might be greatly impeded, if not thwarted altogether, should the House not be in session when the investigation was proceeding, that on the 16th of May Mr. Dorion moved as follows:—

"That inasmuch as the Committee will have no power either to enforce the attendance of witnesses, or to compel them when in attendance to give testimony, without the action of the House, it is essential to the proper conduct of the investigation that it should be prosecuted under circumstances that will admit of the prompt exercise of the authority of the House, and that it is therefore necessary the House should sit on the day to which the Committee has leave to adjourn."

By 66 yeas to 101 nays this was also lost. Ultimately the House, on the 23rd of May, adjourned to the 13th of August, then to receive the report of the Committee.

The Disallowance Trick.

On the 2nd of July the Committee met at Montreal. A great crowd had assembled in the Court House to watch the proceedings. Once more Sir Francis Hincks was called to the stand. But not to testify. The Chairman instead announced that the Oaths to Witnesses Bill had been disallowed, under the advice of the Imperial Law Officers. Messrs. Dorion and Blake argued that as the taking of evidence on oath was no part of their original instructions, but only a provision presumably contingent upon the Oaths Bill being valid, they should proceed without the oath. But the three Ministerial partisans were not to be expected to baffle thus the deep-laid plot of their chief, and carried a motion to report the state of affairs to the House at its meeting again on the 13th of August.

That the disallowance of the Oaths Bill was deliberately devised cannot be doubted. The usual practice is for the statutes passed during the session to be printed, bound, and sent home officially certified, perhaps three or four months after the House has risen; and all Acts, unless specially reserved, have the full force of law if not disallowed within two years. So that, but for Sir Jno. A. Macdonald's action, the Oaths Bill would have been in full operation, and any one committing perjury would have been liable to suffer all the penalties. But, assuming that the doubts expressed by Sir John A. Macdonald were well founded, but that he had desired to have all doubts removed or legislation obtained to supply the defect in the Confederation Act which was alleged to prevent the House of Commons passing such a Bill? We have seen that it was introduced on the 18th of April, and there was nothing to prevent it, as every one was agreed with regard to its expediency, from becoming law on the 20th or, as that day was Sunday, the 21st. Had it then been mailed to England, there would have been time before the House rose on the 23rd of May to receive the opinion of the Law Officers of the Crown, and if that were unfavourable to the Bill, to pass an address asking for the Imperial legislation needed to remedy the defect in the British North America Act. But Parliament was allowed to separate, and it was so contrived, as we have seen, that nothing should be known of the disallowance until the Committee had met, and its majority were ready to put the finishing stroke to the work of baffling the course of justice.

Disclosures.

The publication of Sir Hugh Allan's letters, of Mr. McMullen's statement, and of the telegrams, drafts, and other documents which had passed between the Ministers and Sir Hugh or Mr. Abbott, followed. The most sceptical could not now fail to be convinced; the indignation of the country was fairly aroused; and this feeling was intensified by the announcement that the incriminated Ministers would advise Lord Dufferin to prorogue Parliament on the 13th of August, without allowing it to discuss the situation, and issue a Royal Commission to supersede the existing Parliamentary Committee.

Parliament Turned Out of Doors.

"may be given to a question of such "magnitude and importance to the people "of the Dominion." This was defeated by the narrow majority of ten votes, the numbers being, Yeas 75, Nays 85. And this result was only gained by an assurance privately conveyed to Ministerial members, and afterwards embodied in a formal resolution, that the subsidy granted "*should not increase the present rate of taxation.*"

Secret Motives,

The reckless and lavish agreement entered into, UNASKED, by the Government of Canada was at the time inexplicable, but future events served to solve the mystery. In 1867 the Hon. Wm. McDougall, then a member of Sir John A. Macdonald's Government, publicly boasted that the Intercolonial Railway—less than 500 miles in length—would give the Ministry "A TEN YEARS' LEASE OF POWER;" and the only possible interpretation of the conduct of the same Administration in forcing down the throats of their own supporters a bargain no one had asked them to make, was to be found in a renewed determination to repeat with the Canadian Pacific, and on a more gigantic scale, the experiment partially successful in the case of the Intercolonial.

Sir John A. Macdonald had only been able to hold office in 1867 by false cries and by the disruption of the Liberal party caused by the secession of some of their leaders to the ranks of the enemy. The violations of the Constitution in the case of Nova Scotia; the gross bungling, amounting as nearly as possible to treason, in the acquisition of the North-west Territories; the trifling with grave public interests in the matter of the "National policy;" a series of outrages on the Independence of Parliament; the enormous increase in the expenditure, and a growing perception of the character of the juggle in which the '67 Coalition had originated, all threatened danger to the Government, when, in 1872, an appeal should have to be made to the country. At that time, too, the Premier was at Washington, secretly betraying the interests of Canada to a foreign nation, and well know what a storm of indignation his conduct would excite when that transaction should come to light. The local elections in Ontario resulted in a reversal, to a great extent, of the vote of 1867, and the "Patent Combination," an imitation of the Coalition at Ottawa, was already doomed. Ontario threatened a hostile and independent majority in the House of Commons, in place of a servile minority; Quebec was fast disentangling herself from Cartier's domination, and the Maritime Provinces were held by too uncertain a tenure to be relied upon. Thus it was that, watching his opportunity, Sir John A. Macdonald, in the specious form of terms of union with British Columbia, obtained possession of the huge bribe with which he was to procure for himself or his party, it might be, a ten, or twenty, or thirty years' lease of power.

But it was necessary to his purpose that his control over the railway, with all its advantages and accessories, should be absolute. He, and he alone, must have the entire disposal of its fat contracts and the enormous patronage such an enterprize involved. The pledge to build the railway within a limited time, rashly agreed to by Parliament, gave him the plausible excuse for insisting on being vested with the most extraordinary powers, ostensibly for the fulfilment of the terms in the time and manner agreed upon.

The Usurpation Act.

This measure, introduced in the session of 1872 to give effect to the terms of union so far as the railway was concerned, was of a character unparalleled in the history of responsible government. It handed over everything to the hands of the Governor in Council—in other words, the Prime Minister. It empowered him to raise a loan of 30,000,000 of dollars as a money subsidy for the road. It authorized him to appropriate one hundred millions of acres of the public lands, allotting one moiety to the constructing company, and retaining the other moiety to be disposed of in such a manner as might be agreed upon between the Government and the Company. It enabled him to give to whomsoever he pleased the contract to "*gentlemen concerned were of the highest standing and influence.* They had, however, applied for Acts of Incorporation instead of to the Government, and these applications would, of course, go to the Railway Committee." Again, on the 22nd of May, 1872, Sir George E. Cartier, once more alluding to the same topic, said:—"There were now various companies seeking incorporation. "*The policy of the Government would be to favour the incorporation of all those Companies,* with a view to facilitate as much as possible, not only the building of the Pacific Railway, but the necessary branches." On the 29th of May Sir George was even more precise in his reasons for inserting the clause under debate. On that occasion he urged that its object was "*to prevent the Government being placed at the mercy of any one company or amalgamation of companies, which, although they might appear to be hostile in their objects, would be really working to accomplish the same end.* The clause had been adopted after careful deliberation, and it was upon it that the Government hoped to make a good and economical arrangement." Thus every allusion made by the Minister in charge of the Bill, speaking for and in the presence of his colleagues, to this much debated question, and the language of the Prime Minister himself, all conveyed or were intended to convey the impression that they desired above all things to protect the country against monopoly and to encourage competition. And so they induced the House to agree to the clause which enabled them to carry out their design of ignoring competition altogether, and creating a monopoly for themselves. In one word, this clause was the mainspring of the machinery they had set in motion 1871, and used afterwards with such shameless immorality in 1872.

The Americans Appear on The Scene.

For the grand act of corruption they had long been preparing. The terms of union with British Columbia were agreed to in the early part of 1871. In July of that year, certain American gentlemen, who were also promoters of or interested in the Northern Pacific Railway, a rival line, visited Ottawa, and made proposals touching the construction of the Pacific Railway. They saw Sir Francis Hincks and Sir John A. Macdonald. No definite encouragement was given to them at the time, but they left, in the hands of the Ministers, a list of capitalists in the United States willing to co-operate in this scheme. Amongst them were General Cass, Mr. Scott, of Philadelphia, Mr. C. A. Smith, and Mr. G. W. McMullen, of Chicago. These gentlemen proposed to open communications with Sir Hugh Allan, *but were encouraged by Sir Francis Hincks from taking that step.* Sir Francis, however, *immediately afterwards communicated himself with Sir Hugh Allan,* and gave Sir Hugh the names of the Americans above referred to. He also went to New York, and endeavoured to induce certain of the parties resident there to join in the enterprise. Sir Hugh Allan entered into correspondence with the Americans, and visited Ottawa with them in October, 1871, where they had an interview with the full Cabinet, but without any result. It was then evident, however, that Sir George E. Cartier looked with disfavour on Sir Hugh Allan's influence in the matter, owing to Sir Hugh being the promoter of other railways in competition with the Grand Trunk, of which line Sir George E. Cartier was solicitor. This has to be borne in mind in connection with what occurred afterwards. The issue of the negotiations between Sir Hugh Allan and his American confederates was an agreement in writing on the 23rd of December, 1871, of which the following is an extract :—

"NEW YORK, Dec. 23rd, 1871.

"The undersigned hereby agree to associate themselves together for the following purposes, to wit:

"*First*—To form the Canada Pacific Railway Company, under a charter substantially as agreed upon, and subject to such modification or changes as shall be hereafter mutually assented to; which charter is to be procured by Messrs. Sir Hugh Allan, Charles M. Smith, and George W. McMullen from the Parliament of Canada, at its approaching session.

"*Second*—Under and by authority of said charter, the undersigned propose to construct the said railway. For these purposes, we, the undersigned, each for himself, and not for the others, agree to subscribe, in all, the sum of ten millions of dollars to the capital stock of the said Canada Pacific Railway Company.

"And such others as they may associate with them shall subscribe five millions five hundred thousand dollars ($5,500,000), and Sir Hugh Allan, Charles M. Smith, and George W. McMullen, and such others as they may associate with them, shall subscribe four millions five hundred thousand dollars ($4,500,000). And it is further agreed that the above named parties who shall subscribe for five millions five hundred thousand dollars of said stock, shall pay in the sum of ten per centum on the whole ten millions of dollars of stock to be subscribed as aforesaid, be subject to the same conditions of payment and refunding with interest as are therein set forth.

"And we hereby authorize the said Committee to take such other action for us as they may deem necessary in the premises consistent with the general terms of the contract of December 23, 1871, and as modified hereby.

"NEW YORK, March 23th, 1872.

"(Signed) Jay Cooke & Co., J. Gregory Smith, B. P. Cheney for self and W. J. Fargo, R. D. Rice, Thos. H. Canfield, A. H. Barney, G. W. Cass, Daniel McLaren, by J. W. Ellis, Frederick Billings, Wm. Windows, H. B. Payson, F. E. Canda, C. J. Canda, Samuel Wilkison, W. B. Ogden, Walter Hinchman, Hugh Allan, Charles Mather Smith, George W. McMullen."

It will be noticed, in answer to the pretence of the Government that they were ignorant of Allan's negotiations, that the precise terms as to the land and money subsidy embodied in the Pacific Railway Act are those named in the above document, which had clearly resulted from actual negotiations between the parties above named and the Government of Canada.

The Competitors

In the session of 1872 two companies applied for Acts of Incorporation—the "Inter-Oceanic," promoted by Senator Macpherson, the "Canada Pacific," by Sir Hugh Allan and his American allies. The names of foreigners were, however, omitted from the Canada Pacific Bill, and both that Bill and the "Inter-Oceanic" Bill were ostensibly promoted by Canadians of standing and capital from various parts of the Dominion. Sir George E. Cartier's speeches, before quoted, were designed to convey the impression that the Government favoured competition, and desired only to guard against the amalgamation of these two great organizations, which might result in a too powerful monopoly. No obstruction was therefore offered to either of the Bills. However, Sir Hugh Allan received from his American friends the sum of $40,000, which he represented to be necessary for engineering his scheme through the Legislature. The actual expenses were not more than from two to three hundred dollars.

The Plotters at Work.

Immediately after the Government Canadian Pacific Railway Bill with its extraordinary powers was passed, and Parliament had dispersed, Sir John A. Macdonald began to turn its provisions to account. The Ministry felt their position to be extremely critical. It was of the last importance that no misunderstanding should occur between the Government and Mr. Macpherson, as old, tried, and wealthy supporter. It was also important to conciliate Sir Hugh Allan, who had been eagerly pressing for the contract, and who was already endangering the safety of Sir George E. Cartier's seat in Montreal, by assuming towards Sir George an attitude of hostility. In Sir John A. Macdonald's evidence before the Commission he says, on this point :—

"I had regretted to find that there had been a sort of coolness between Sir Hugh Allan and Sir George Cartier, and not only between Sir George Cartier and Sir Hugh Allan but between Sir George and his Lower Canadian friends. They had got the idea that Sir George was not so friendly as he ought to have been to the North Colonization Road, in which a large number of Lower Canadians took great interest, especially the Montrealers, and of which Sir Hugh Allan was President, and that, in fact, they had got the impression that Sir George Cartier was throwing cold water on all those enterprises which Sir Hugh Allan had entered upon; and this of course, unless it was removed, would be fatal to Sir George Cartier, and in Lower Canada would lose his Parliamentary support, and, of course, lose the Government Parliamentary support. The idea had been industriously spread abroad that Sir George, as being the solicitor or counsel of the Grand Trunk Railway Company, was not anxious to promote any railway enterprise that might be a rival competitor of that railway. This was so much the case, that a good deal of feeling had been created respecting Sir George Cartier's supposed course of action, and that a deputation had come to Ottawa to press upon him, so far as they could, the necessity of taking an active interest in the Northern Colonization Road and other railways, extending the Northern Colonization west, including the Pacific Railway, and that the Montreal interest, as represented by Sir Hugh Allan, should not be ignored."

Sir Hugh Operating on Cartier

Sir Hugh Allan, in the correspondence he put in as part of his sworn testimony, is more explicit as to his relations with Cartier. Writing on July 1st, 1872, to General Cass, he says :—

"I left Toronto to go to Kingston to attend to my own election, impressed with the idea that there were no insuperable difficulties in the way of amalgamation.

"They had approached very nearly each other. There were only two points of difference. The one was the question of the Presidency, and the other was the number of Directors. * * * * * * *

"As regards the Presidency, Mr. Macpherson always held to the same position; that he did not look forward to it himself, he did not press his own claim for it in any way, but he thought that Sir Hugh Allan, from his having originally made this arrangement with the Americans, if he were placed in the position of President, from his acknowledged wealth and influence, would have too much power on the Board, and that he might exercise that power in favour of bringing in American capital."

Mr. Macpherson, in his evidence, says:—

"The only matter at all personal to Sir Hugh Allan and myself was the question of the Presidency. Mr. Abbott wished that I would consent to the office being filled by Sir Hugh Allan. I told him I would not assent to it in advance, but I set up no claim to the office myself. I thought it should be left to the free choice of the Directors if amalgamation should take place."

The Ministers had taken care, too, that no inconvenient provisions of the election law should thwart their designs, and had resisted strenuously and successfully proposals to hold the elections in one day, and to transfer to the judges the duty of trying election petitions—two of the most effectual preventatives against electoral corruption.

The Crisis Approaching.

Matters were now approaching a crisis. The writs had been issued on the 15th, and the first election took place on the 24th of July. Sir John A. Macdonald thus describes the situation :—

"When Sir George Cartier and I parted in Ottawa, he to go to Montreal and I to go to Toronto, of course, as leading members of the Government, we were anxious for the success of our Parliamentary supporters at the elections, and I said to Sir George that the several contest would be in Ontario, where we might expect to receive all the opposition that the Ontario Government could give to us and to our friends, at the polls. *I said to him you must try and raise such funds as you can to help us, we are going to have the chief battle there.* I mentioned the names of a few friends to whom he might apply, and *Sir Hugh Allan among the rest, and that he was interested in all those enterprises which the Government had been forwarding.* When, therefore, I ascertained that Sir George had put it all right with his friends, I *then communicated to my friends in Montreal, Sir George and Mr. Abbott, stating that I hoped they would not forget our necessities; that they would see to raise some funds (in Quebec) for us in Ontario.*

John A Approaches Allan.

The means by which a complete reconciliation was ultimately effected between Sir George E. Cartier and Sir Hugh Allan was a telegram sent by Sir John A. Macdonald to Cartier on July 26th, 1872, in the following terms :—

"Have seen Macpherson. He has no personal ambition, but cannot, in justice to Ontario, concede any preference to Quebec in the matter of the Presidency, or in any other particular. He says the question about the Presidency should be left to the Board *Under these circumstances, I authorize you to assure Allan that the influence of the Government will be exercised to secure him the position of President.* The other terms to be as agreed on between Macpherson and Abbott. *The whole matter to be kept quiet until after the elections.* Then the two gentlemen to meet the Privy Council at Ottawa and settle the terms of a provisional agreement. This is the only practical solution of the difficulty, and should be accepted at once by Allan."

The Final Bargain.

On the 29th of July Sir Hugh Allan received a message from Cartier asking him (Allan) to call on the following day. Sir Hugh accordingly went, accompanied by Mr. Abbott, his confidential adviser and solicitor, and also a member of Parliament. Mr. Abbott, in his sworn evidence before the Commission, tells the story of this memorable interview:—

Railway, also to come to Toronto and discuss the matter with Mr. Macpherson. Sir Hugh Allan wrote me that it was impossible for him to come up, but that Mr. Abbott might. Mr. Abbott did come up, and saw Mr. Macpherson, and you will find in the evidence given by Mr. Macpherson a memorandum of the substance of the conference between these two gentlemen. That memorandum I believe to be substantially correct from the information that I had from both of the gentlemen who attended it.

"I left Toronto to go to Kingston to attend to my own election, impressed with the idea that there were no insuperable difficulties in the way of amalgamation.

"They had approached very nearly each other. There were only two points of difference. The one was the question of the Presidency, and the other was the number of Directors. * * * * * * *

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the two letters which Sir Hugh has produced this morning. I find that my recollection differs a little, but not materially, from that of Sir Hugh I think that the terms of the first letter, referring to the railway, were agreed to, but that it was not written or signed at the first interview; that is, we were leaving, and, after the terms had been agreed to, Sir George spoke to him about the money in the manner in which Sir Hugh Allan has indicated, and that in the afternoon the two letters were signed."

The following are the two letters referred to by Mr. Abbott:—

"Private and Confidential.

"MONTREAL, 30th July, 1872.

"DEAR SIR HUGH,—The friends of the Government will expect to be assisted with funds in the pending elections; and any amount which you, *or your Company,* shall advance for that purpose, shall be recouped to you.

"A memorandum of immediate requirements is below.

"Very truly yours,
(Signed) "GEO. E. CARTIER.
"Sir Hugh Allan.

"ROW WANTED.

"Sir John A. Macdonald	$25,000
"Hon. Mr. Langevin	15,000
"Sir G. E. C.	20,000
"Sir J. A. (add'l)	10,000
"Hon. Mr. Laegovin (add'l)	10,000
"Sir G. E. C.	30,000

"MONTREAL, 30th July, 1872.

"DEAR SIR HUGH,—I enclose you copies of telegrams from Sir John A. Macdonald, and with reference to their contents I would say that in my opinion the Governor in Council will approve of the amalgamation of your Company with the Inter-Oceanic Company, under the name of the Canadian Pacific Railway Company, the Provincial Board of the amalgamated Company to be composed of seventeen members, of whom four shall be named from the Province of Quebec by the Canada Pacific Railway Company, four from the Province of Ontario by the Inter-Oceanic Railway Company, and the remainder by the Government; the amalgamated Company to have the powers specified in the tenth section of the Act incorporating the Canada Pacific Company, and the agreement of amalgamation to be executed between the Companies within two months from this date The Canada Pacific Company might take the initiative in procuring the amalgamation, and if the Inter-Oceanic Company should not execute an agreement of amalgamation upon such terms and within such limited time, I think the contemplated arrangements should be made with the Canada Pacific Company under its charter.

"Upon the subscription and payment on account of stock being made as required by the Act of last session respecting the Canadian Pacific Railway, I have no doubt but that the Governor in Council will agree with the Company for the construction and working of the Canadian Pacific Railway with such branches as shall be agreed upon, and will grant to the Company all such subsidies and assistance as they are empowered to do by the Government Act. I believe all the advantages which the Government Act empowers the Government to confer upon any Company will be required to enable the works contemplated to be successfully carried through, and I am convinced that they will be accorded to the Company to be formed by amalgamation or to the Canada Pacific Company, as the case may be.

"I would add that, as I approve of the measures to which I have referred in this letter, I shall use my best endeavours to have them carried into effect.

"Very truly yours,
(Signed) "GEO. E. CARTIER."

Sir John A. Macdonald has alleged that on receiving intelligence of these transactions, he at once telegraphed repudiating the letter referring to the railway, and even offered, if necessary, to leave his own election to go to Montreal and settle matters.

He put in as evidence the two following telegrams, received from Cartier and Allan respectively :—

"KINGSTON, 31st July, 1872.
"(By Telegraph from Montreal.)
"To SIR JOHN A. MACDONALD :

"Have seen Sir Hugh. He withdraws letter *written* you since you make objection to it, and relies for basis of arrangement on your telegram to me of which I gave him copy.

"Matters go on well here. Hope they are same with you. Don't think it is necessary for you to come down here Saturday. I want to be out of town on Sunday, but will remain here if you specially desire to see me. Answer.
(Signed) "G. E. CARTIER."

"KINGSTON, July 31, 1872.
"(By Telegraph from Montreal.)
"To SIR JOHN A. MACDONALD :

"I have seen Sir Geo. Cartier to-day. You may return *my letter* or regard it as waste pa-

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"G. W. McMULLE
"553 Washing

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, 30th July, 1872.

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D. E. CARTIER.

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30th July, 1872.

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31st July, 1872.
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E. CARTIER."

, July 31, 1872.
m Montreal.)

NALD:

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and I now proceed to inform you of the progress of the negotiation since the date of my letter.

"The policy I adopted has been quite successful. The strong French influence I succeeded in obtaining, has proved sufficient to control the elections; and as soon as the Government realised this fact, which they were unwilling to admit and slow to see, they opened negotiations with me.

"It is unnecessary to detail the various phases through which it passed, but the result is that we yesterday signed an agreement by which, on CERTAIN MONETARY CONDITIONS, they agree to form the Company, of which I am to be President, to suit my views, to give me and my friends a majority of the stock, and to give the Company so formed the contract to build the road, on the terms of the Act of Parliament, which are $30,000,000 in cash, and 50 millions acres of land, with all other advantages and privileges which can be given to us under the Act, and they agree to do everything in their power to encourage and assist the Company during the whole period of construction. The final contract is to be executed within six weeks from this date—probably sooner.

"Our opponents are to get the minority of the stock, and they regard us with great jealousy and dislike in consequence of their defeat, and on that account the Government is obliged to stipulate that no foreigner is to appear as a shareholder, so as to avoid the former cry of selling ourselves to the Northern Pacific, and succumbing to foreign influence. *The shares taken by you and our other American friends, will therefore have to stand in my name for some time.*

"We shall get $6,000,000 of the stock out of the whole capital of $10,000,000.

"I again ask you if the parties are willing to take the reduced amount of stock in the same proportions as the amounts signed for previously.

"As is my duty, I offer it to you, but there are plenty desirous to get it. Ten per cent. on the amounts will have to be paid up and deposited in the hands of the Government as security, but will be returned, I think, as soon as the work is fully begun. *The expenses incurred in bringing the matter to this point have been very great.* I have already paid *away about $250,000, and will have to pay at least $50,000 more before the end of this month. I don't know that even that will finish it, but I hope so.*

"Of course this will all have to come from the subscribers of the $6,000,000 stock. If you elect to go on with the subscription, I will visit New York about the end of this month to settle the details with you. Please reply as early as convenient.

"I am, yours faithfully,

(Signed) "HUGH ALLAN."

On the ninth of August, Sir Hugh Allan addressing the electors of Montreal, spoke thus, after alluding to the Government scheme, and the interest of Lower Canada in the arrangements:—

"Your representative, Sir George E. Cartier, coincides *with me* on all these points, and in the basis of arrangements which he has agreed to recommend to his *confreres* in the Ministry on the Pacific Railroad question, they have been carefully kept in view. * * * *I think no time should be lost in getting the contract prepared and signed as soon as the Government can meet. I have every reason to be satisfied with what Sir George has done,* and I believe the result will be approved by all."

And finally, on the 14th of September, he wrote as follows:—

"MONTREAL, 16 Sept., 1872.

"DEAR MR. MCMULLEN,—I wanted at this time to have a meeting in New York to see what our friends there were disposed to do, but to-day I have a letter from General Cass stating that he is leaving New York for Chicago, there to join Mr. Ogden, and the two are going to Puget Sound. They say no meeting can be held till 15th November, which will not do at all.

"I hope in ten days or so to have the contract signed, and would like immediately after to go to England to raise the money to build the line. I have disbursed $343,000 in gold which I want to get repaid. I have still to pay $13,500, which will close everything off.

"I will go to New York as soon as the contract is signed, say about 7th October, and would be glad to meet you there at that time.

"Yours truly,

(Signed) "HUGH ALLAN.

"G. W. MCMULLEN, ESQ.,
"553 Washington St, Chicago, Ills."

Sir Hugh had clearly been realising in his own experience the expectation he had expressed to his correspondents on the 28th of February:—"*I think you will have to go it blind in the matter of cash payments. I have already paid $3,500, and have not a voucher and cannot get one.*"

We have thus documentary evidence bearing upon the face of it, and detailing with the most charming frankness, the history of the whole proceeding; as plain and un-

now, during the elections of 1872 I received from Sir George Cartier, by the hands of Sir Hugh Allan, $15,000, he (Sir Hugh) stating that he was instructed by Sir George Cartier to remit me that sum for the election fund of my region. Some time afterwards I received a note from Sir Hugh Allan stating that, on my giving a receipt to Mr. Abbott, he (Mr. Abbott) was instructed to deliver me, also by direction of Sir George Cartier, $10,000 additional for the same object. As I was about leaving Ottawa for Quebec, during the elections, and understanding that Sir Hugh Allan had gone to Newfoundland, I telegraphed Mr. Abbott at Montreal to be kind enough to meet me on board of the Quebec boat at Montreal, which he did. I told him there that I had received a note from Sir Hugh Allan, as I stated just now; that I had asked no money from Sir Hugh; that the sum of $15,000 that he had sent me before came from Sir George Cartier; that I had understood from Sir George Cartier that any sum of money that he would send to me would be a portion of the subscription of his wealthy friends in Montreal; and that, therefore, I could not for a moment think of giving a receipt, or of receiving any money on any condition whatever, and that if this sum of $10,000 was not on the same footing as the $15,000 first sent I could not receive it. Moreover, if there had been any misunderstanding about the first sum, and if that first sum was not a pure gift on the part of subscribers to the fund, I would go down to Quebec, and would return that amount immediately. Mr. Abbott told me that there must be some misunderstanding, that he was sure that there must be no intention of putting any condition or exacting any receipt about this money. So we parted. Mr. Abbott sent me afterwards the $10,000 without any condition, and, I believe, stated that his explanation to me was the proper one. Some time afterwards Sir George Cartier, whom I had seen *en passant* in Montreal, and who had asked me in what position I found myself about the elections in my region, was informed by me that besides my own election and what I had contributed personally to others, I was short to the amount of $7,500 or $7,600. He told me he thought his Election Committee would have to provide for that additional sum; and some time afterward I received it with a note from Sir Hugh Allan, stating that Sir George Cartier had instructed him to hand me that amount. I never had any communication on this subject with Sir Hugh Allan beyond what I have just stated.

Abbott's Improved Narrative.

Mr. Abbott, however, puts the matter a little more clearly, and shows that the payment of a sum of $25,000 to Mr. Langevin was the distinct result of a negotiation during the session of 1872.

"It is quite true that I had a conversation *early in the Session* with Mr. Langevin. He mentioned to me that at the previous general elections he had been obliged to expend a very considerable sum of money, not very large in itself, but large comparatively, and he said he did not think it fair that the burden of those elections should rest entirely on him. He said he thought he ought to have a share of any funds subscribed in Montreal for election purposes to assist in Quebec, which he had not had in previous elections, and that they could not expect much of a subscription from Quebec to help the Government. I agreed with him in thinking that it was unfair that he should bear the burden of the Quebec elections, and I told him that in so far as I could have any influence in the matter, I would try that he should have a portion of any fund that should be got up in Montreal for general election purposes. Talking over matters, *it came out in conversation that probably the elections would cost in the District of Quebec, irrespective of his own, a sum of $25,000 or $30,000 I told him that as far as I could influence the matter. I would endeavour to get something like that amount allotted to the District of Quebec.* That is what took place between Mr. Langevin and myself. I did not at that time make any allusion to the position of the Canada Pacific and its charter. I knew Mr. Langevin was a strong Lower Canadian, *and I thought that his friends were all in favour of arranging the Pacific matter in such a way that there should be direct communication with the seaboard at Quebec and Montreal,* and I assumed that in any matter in which he could support the views of the Lower Canadians he would do so, and we did not wish anything more. I never said anything more; I never reported that I had made any arrangement with Mr. Langevin—though, no doubt, I did mention it to Sir Hugh Allan, that if we got up a fund Mr. Langevin should have a part of it to the extent of $25,000."

Allan's Investments.

Sir George E. Cartier's death deprived the country of the evidence he would have been able to give, but we learn from Sir Hugh Allan the amount of the sum he paid to the three Ministers. Referring to the letter written to him by Sir George E. Cartier, on the 30th July, 1872, he said:—

"As the letter now appears, the memorandum is for $110,000, but at the time it was written the three first items amounting to $60,000 only were mentioned. Sir George, however, said they could talk of that afterwards. Accordingly I paid over the three first sums of money indicated. Afterwards

one of the thirteen Pacific "directors;" Mr. Betournay is now a Judge of the Province of Manitoba.

But Sir John A. Macdonald was not to be out-done by his colleague. On the 26th of August he telegraphed from Toronto to Mr. Abbott, as follows:—

"Immediate—private.

"I must have another ten thousand—will be the last time of calling. Do not fail me, answer to-day.

"JOHN A. MACDONALD."

The $10,000 sent at Sir George E. Cartier's instigation had not, it seems, furnished over two day's supplies at that critical moment. Mr. Abbott promptly responded:—

"MONTREAL, Aug. 26, 1872.

"Sir John A. Macdonald, Toronto:—

"Draw on me for ten thousand.

"J. J. C. ABBOTT."

And Sir John A. Macdonald obtained his $10,000 by draft on the Merchants' Bank, of which Sir Hugh Allan is President, and here is a copy of it:—

"TORONTO, 26th August, 1872.

"At sight pay to my order, at the Merchants' Bank, the sum of ten thousand dollars for value received.

"JOHN A. MACDONALD."

"Endorsed:—

"Pay to the order of the Merchants' Bank of Canada.

"JOHN A. MACDONALD."

The Impeachment.

Shortly after the meeting of Parliament in March, 1873, the fact of a corrupt understanding having been arrived at between Sir John A. Macdonald and Sir Hugh Allan, came to the knowledge of the Hon. L. S. uHntington, the member for Shefford. On the 2nd of April Mr. Huntington moved the following resolutions:—

"That he, the said Lucius Seth Huntington, is credibly informed and believes that he can establish by satisfactory evidence, that in anticipation of the legislation of last Session, as to the Pacific Railway, an agreement was made between Sir Hugh Allan, acting for himself and certain other Canadian promoters, and G. W. McMullen, acting for certain United States capitalists, whereby the latter agreed to furnish all the funds necessary for the construction of the contemplated railway, and to give the former a certain per centage of interest, in consideration of their interest and position, the scheme agreed upon being ostensibly that of a Canadian Company with Sir Hugh Allan as its head—

"That the Government were aware that these negotiations were pending between the said parties—

"That subsequently, an understanding was come to between the Government, Sir Hugh Allan, and Mr. Abbott, one of the members of the honourable House of Commons of Canada, that Sir Hugh Allan and his friends should advance a large sum of money for the purpose of aiding the elections of Ministers and their supporters at the ensuing general elections, and that he and his friends should receive the contract for the construction of the railway—

"That accordingly Sir Hugh Allan did advance a large sum of money for the purpose mentioned, and at the solicitation and under the pressing instance of Ministers—

"That part of the moneys expended by Sir Hugh Allan in connection with the obtaining of the Act of Incorporation and Charter, were paid to him by the United States capitalists under the agreement with him—

"That a Committee of seven members be appointed to inquire into all the circumstances connected with the negotiations for the construction of the Pacific Railway, with the legislation of last session on the subject, and with the granting the charter to Sir Hugh Allan and others, with power to send for persons, papers, and records, and with instructions to report in full the evidence taken before the proceedings of the said Committee."

Sir John A. Macdonald received this serious indictment in silence. He hoped by these tactics to be able to crush the effort to bring him to justice at the outset. His followers had been privately appealed to to vote down the motion as one implying want of confidence, whereas, being for enquiry only, it followed, that, not on the motion, but *on the result of the enquiry suggested by the motion,* must the confidence or want of confidence of the House depend. He succeeded for the moment, however, and by a vote of 107 nays to 76 yeas was sustained in his opposition to an investigation. Immediately after the vote was taken, however, some members who had been induced to support the Premier so far, insisted

Honours had agreed to the Bill." Nothing now was needed but the Royal Assent. But again there was delay, for His Excellency did not come down till the 3rd of May to give the measure his sanction. A whole fortnight had been wasted in doing what, at the outside, could have been accomplished in forty-eight hours.

The Oaths to Witnesses Bill was now law. On Monday, the 5th of April, at the earliest moment, in fact, after the Bill had been finally disposed of, the Committee met. All the necessary preparations had been made; not a solitary objection had been uttered against the Committee proceeding. The witnesses had been summoned, and the House of Commons had sent a formal application to the Senate to ask the attendance of certain of its members to be examined. But a deep-laid purpose to render the action of the Commons nugatory was manifested. On the Committee assembling, Sir Francis Hincks was called to the stand. Sir John A. Macdonald at once rose, and, addressing the Committee, pleaded for an adjournment of the whole proceedings to the second of July, when Sir Hugh Allan, Hon. Mr. Abbott, and Sir George E. Cartier, then in England, would have returned home and be able to give their testimony. This would have the effect of postponing the enquiry until after the rising of Parliament, and when, therefore, the intervention or authority of the House could not be invoked should occasion arise for it. Besides, these gentlemen had been long in England, and ample time had already elapsed for them to return had they or the Government desired it. It was absurd to suppose, as the result proved, that their efforts to raise capital could be successful, when the very charter of the Company they were seeking to finance was alleged, on the floor of Parliament, to have been obtained by fraud and corruption. A month had already elapsed since it was known they would be wanted by the Committee. The Committee could have proceeded with the twenty or thirty other witnesses on the list pending their return. Argument, however, was useless; the whole thing was cut and dried beforehand; for no sooner had Sir John A. Macdonald concluded, than up jumped Mr. James McDonald, one of the Ministerial majority, and moved a resolution in the exact terms his political leader, the accused Minister, had suggested.

The minority appealed to the House. Mr. Dorion moved, seconded by Mr. Holton:—

"That, since the appointment of the Committee, when the unanimous feeling of the House was that the enquiry should be actively prosecuted during the present session, nothing had occurred to justify the proposed adjournment of the Committee to the 2nd of July; but, on the contrary, the interest of the country imperatively demanded that the enquiry should be prosecuted without further delay."

The barefaced attempts of the incriminated Minister to baffle investigation were now too transparent to be doubted. But the House once more gave a blind vote in obedience to his behests. Mr. Huntington had to bear from the Premier one of the most vulgar and brutal personal attacks recorded even in Sir John A. Macdonald's shameless career. Mr. Dorion's motion was defeated by: Yeas, 76; Nays, 107.

A Startling Episode.

At this juncture Mr. Huntington became possessed of copies of the correspondence between Sir Hugh Allan and his Northern Pacific confederates. He was also made cognizant of the fact that the originals were deposited in a sealed packet in the custody of the Hon. Henry Starnes, a banker of Montreal. Mr. Huntington thereupon moved, on the 15th of May, that the Committee should be directed to reassemble forthwith to summon Mr. Starnes before them, and impound the papers. To show its importance Mr. Huntington proposed to read some portions of the correspondence. Sir John A. Macdonald at once exhibited the most abject terror at the prospect of the eyes of his deluded followers being thus rudely opened. He assumed an altogether altered tone towards Mr. Huntington, and addressed him in language as complimentary as his former style had been abusive. Meantime a slip of paper had been handed to Mr. Speaker Cockburn, and that supple functionary ventured on the extraordinary ruling that a member making a motion, should not, when it related to a matter already referred to a Committee, read the evidence on which his motion was founded. However, Mr. Huntington's motion could

Parliament Turned Out of Doors.

Whether it was, or was not, intended when the House adjourned in May that it should sit for the despatch of any business that might come before it on the 13th of August, had, when that day arrived, become a matter of secondary importance. An enquiry, founded on a charge of grave official malfeasance, had, from unforeseen causes, broken down, and the question was, whether the responsibility of dealing with the emergency should be left to the House of Commons, which was already seized of the matter, or whether it should be left to the accused Ministers themselves. The prorogation of Parliament would destroy the Parliamentary enquiry altogether. And this certainly was never contemplated nor imagined when the House adjourned. The plea that Ministerial supporters were not present, was plausible but insufficient. If the disallowance of the Oaths Bill were not a trick to destroy the enquiry, it was the duty of Ministers, when that event occurred, to advise their supporters to be in attendance. But even in their absence it was not necessary to resort to prorogation. An adjournment, to which the Opposition would have readily assented, would have avoided the violent destruction of the Committee, and still admitted of a full House assembling a month later. Lord Dufferin desired to secure this result, and offered to be the medium of negotiations between the Government and the Opposition leaders. His Excellency's own account of his efforts is as follows:—

"I was so anxious, nevertheless, to find some way of avoiding a course which I foresaw would be denounced, however unjustly, as an undue exercise of the Queen's Prerogative, that I thought it desirable to make a suggestion in this sense to Sir John Macdonald, offering at the same time to become the channel of communication by which an understanding between him and his opponents might be arrived at. Sir John's reply was very much in the sense I had anticipated. He insisted upon the injustice of his Government being given over, bound hand and foot, to the tender mercies of their opponents in the absence of his supporters, whom he had dismissed to their homes with my sanction, and with the acquiescence of Parliament. He called my attention to the fact that the Opposition organs, far from hinting at any compromise, were insisting on the fact that a quorum of Parliament could do anything that Parliament itself could do, and were evincing by unmistakable signs that they would show no quarter:—that both Messrs. Blake and Dorion had endeavoured to persuade the Committee to content themselves with unsworn evidence, and that if Parliament met for business they would be in a position to pass an instruction to the Committee to that effect,—that no man would be willing to risk his life, still less his honour, in the hands of witnesses released from the consequences of perjury,—*and finally, that he would not feel himself safe in entering into any arrangements dependent upon the bona fides of those with whom I had suggested he should treat.*"

It is to be regretted the Governor-General did not indignantly scout the suggestion that men, personally known to himself to be utterly incapable of any other than the most straightforward conduct, could not be trusted to keep good faith. If it were conceivable that, after agreeing to an adjournment without discussion, Mr. Mackenzie and his friends would have endeavoured to take any advantage of the Ministers, there was still prorogation to fall back upon, which would have rescued them in a moment. But the remonstrances from all parts of the country, and that of ninety-six members of the House of Commons, were alike unavailing. His Excellency prorogued Parliament the same afternoon, Mr. Mackenzie protesting in indignant terms at the outrage committed on the rights and privileges of the House.

The Royal Commission.

From the Daily Globe of January 5.

On the following day a Royal Commission was issued to Judges Day, Polette, and Gowan, directing them to make the enquiry. Mr. Huntington, when called upon to attend, declined in fitting and dignified language to recognize a tribunal that was itself an insult to the dignity of the House of which he was a member. No prosecutor, therefore, appeared. The cross-examination of one another by the accused invested the proceedings with the character of a burlesque; and the truth, so far as it was ascertained, was extorted, not by any effort of the Commissioners, but simply by reason of the disclosures already made, which rendered concealment and prevarication more dangerous than an assumed appearance of candour.